

MEMORANDUM

To: Theresa Bober, Acting Manager
Business Administration Office

Date: September 17, 2009

From:


Susan R. Villa, Fiscal Services Branch Manager
Administration and Finance Division
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

Subject: **DRAFT AUDIT REPORT OF CONTRACT NUMBERS
#IWM05025, #IWM5026, #IWM05030 AND #IWM05067**

The Audits and Evaluations Unit completed the contract audits of A.J. Diani Construction, R.W. Beck Inc., San Luis Obispo County Office of Education, and the State Education Environment Roundtable. The audit was conducted in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States. A draft audit report, with findings, is enclosed. Please provide a written response to the audit findings within thirty (30) business days from the date of this memo.

Audits and Evaluations Unit auditor, Gladys Onejeme, reviewed contract records to provide an independent verification and validation relative to the administration and execution of the contracts mentioned above, for the period of January 1, 2006 through December 31, 2009. The purpose of this audit was to determine whether the Business Administration Office was in compliance with the CIWMB's Strategic Directive 10; CIWMB Administrative Manual, Section 8000, and the State Administrative Manual, Chapter 1200.

FINDING 1 - Incomplete Contract Management System

Condition: The Contract Management System (CMS) database does not include sufficient data to assist contract managers or auditors in obtaining detailed contract information.

Recommendation: The CMS database should be maintained with complete, accurate, and current contract information.

FINDING 2 - Missing Contract

Condition: The Business Administration Office could not provide their file for Contract Number #IWM05026, State Education & Environment Roundtable.

Recommendation: The contract analyst should ensure that all contract files are properly and accurately maintained, and use a check-out system when a file is removed.

If you have any questions regarding this report, please contact Gladys Onejeme, Staff Services Management Auditor, at (916) 324-6892 or gonejeme@ciwmb.ca.gov.

cc: Calvin Young, Integrated Waste Management Supervisor
Wes Mindermann, Waste Management Engineer (Supervisor)
Don Peri, Senior Integrated Waste Management Specialist
Cheryl Williams, Integrated Waste Management Specialist
Christy Porter Humpert, Senior Integrated Waste Management Specialist
Sarah Keck, Accounting Administrator I (Supervisor)
Carl Coaxum, Associate Management Auditor, CIWMB
Gladys Onejeme, Staff Services Management Auditor,
Audits and Evaluations Unit
CIWMB Audits and Evaluations Unit File

CIWMB CONTRACT AUDIT

BUSINESS ADMINISTRATION OFFICE

Draft Audit Report

**For the Period January 1, 2006
through December 31, 2009**

**Prepared By:
California Integrated Waste Management Board
Audits and Evaluations Unit**

September 2009

TABLE OF CONTENTS

AUDIT REPORT

SUMMARY	1
BACKGROUND	1
OBJECTIVE, SCOPE, AND METHODOLOGY	1
CONCLUSION	2
RESTRICTED USE	3

AUDIT REPORT

SUMMARY

The California Integrated Waste Management Board (CIWMB), Audits and Evaluations Unit audited the following contracts for the period of January 1, 2006 through December 31, 2009: San Luis Obispo County Office of Education (Contract No. IWM05025), State Education & Environment Roundtable (IWM05026), R. W. Beck, Inc. (IWM05030), and A.J. Diani Construction (IWM05067).

The purpose of the audit was to determine whether:

- The four contracts mentioned above were executed by the CIWMB in accordance with contract terms, applicable State laws, policies, and procedures;
- The contract managers provided support and fiscal oversight to ensure that contract payments were accurate and properly monitored; and
- Contracts were executed in a manner that safeguards the interests of the CIWMB and the State.

BACKGROUND

The audit authority is based on the CIWMB's Strategic Directive 10 (SD-10); State Administrative Manual, Chapter 1200; and the CIWMB Administrative Manual, Section 8000. The Audits and Evaluations Unit shall audit the CIWMB contracts, claims, and payments for accuracy, legality, and sufficient provision of law. Furthermore, SD-10 requires that the Audits and Evaluations Unit conduct regular audits of the CIWMB's fiscal processes.

OBJECTIVE, SCOPE, AND METHODOLOGY

The audit was conducted in accordance with Government Auditing Standards. The standards require the audit to be planned and performed to obtain sufficient and appropriate evidence to provide a reasonable basis for the finding(s) and conclusion(s) based on the audit objectives. The evidence obtained provides a reasonable basis for the finding and conclusion based on the audit objectives.

The specific objectives of the audit were to determine if the CIWMB:

- Monitors contracts, and that all contracts are valid, properly authorized, and approved by responsible staff;

- Follows written policies and procedures for activities related to contracts;
- Provides adequate separation of duties over the contracting function; and
- Ensures that contract payments are legal, and in compliance with State laws, regulations, and policies.

The procedures performed during the audit included:

- Review of the contracts, contract law, regulations, rules, policies and related accounting records;
- Tests of procedural compliance relative to the contract payments;
- Review of the Financial Integrity and State Managers Accountability Act audit report, dated April 3, 2007, performed by the Department of Finance;
- Review of the internal control procedures relating to the contracts; and
- Interviews and observations of the individuals involved in the development, authorization, and monitoring of each contract.

CONCLUSION

The audit disclosed the following findings:

FINDING 1 - Incomplete Contract Management System

Condition:

The Contract Management System (CMS) database does not include sufficient data to assist contract managers or auditors in obtaining detailed contract information.

Criteria:

CIWMB Administrative Manual, Section 8009-01(A), states in part that "Typical responsibilities of the contract manager are as follows: (6) Maintain contract documentation; (7) Monitor the contract to ensure compliance with all contract provisions: a. Monitor progress of work to ensure that services are performed according to the quality, quantity, objectives, timeframes, and manner specified in the contract; e.g., review progress reports and interim products. b. Ensure that all work is completed and accepted by the agency before the contract expires; and

(10) Monitor contract expenditures to: a. Ensure there are sufficient funds to pay for all services rendered as required by contract. b. Identify low spending levels and consider partial disencumbrance of funds.”

Recommendation:

The CMS database should be maintained with complete, accurate, and current contract information.

FINDING 2 – Missing Contract

Condition:

The Business Administration Office could not provide their file for contract # IWM05026, State Education & Environment Roundtable (SEER).

Recommendation:

The contract analyst should ensure that all contract files are properly and accurately maintained, and use a check-out system when a file is removed.

RESTRICTED USE

This report is intended for the information and use of the CIWMB, Contract Analysts, and Contract Managers. However, this report is a matter of public record and distribution is not limited.

